

Phantom Traffic: Understanding the Proposals

Mid-Size Carriers
FCC Meetings
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■ Update the Commission

- The existence of a phantom traffic problem is not disputed
- The Midsize Carriers have proposed simple, clear and non-controversial rules
- The FCC should quickly adopt federal rules to:
 - Reduce anti-competitive arbitrage
 - Enable capture of revenues supporting networks
 - Safeguard consumers
 - Establish a basis for comprehensive ICC reform

- Phantom traffic is a growing industry issue; clear traffic labeling and routing rules are needed
- Mid-Size carriers have been active in promoting understanding of the problem and potential solutions
- Many industry participants have commented on this issue; despite differences of opinion on how to resolve the issue, there is much common ground
- The common message is clear – we need the FCC to move quickly to enact clear and enforceable labeling and routing rules to address phantom traffic arbitrage

Definition of Problem

- Phantom traffic
 - Underbilled or unbillable calls
 - Purposefully masking the labeling
 - Inadvertent omissions by some carriers – transiting records
 - Problem if terminating carrier does not have billing information
 - Misrouted traffic
 - Non-local traffic terminating over EAS trunks
 - Not routing according to the LERG or pursuant to an agreement with the terminating carrier
 - Need for clear and fair complaint procedures
- Large & small carriers agree there is a problem

Understanding Common Messages

- Virtually all ILECs agree phantom traffic . . .
 - Billing problems concern efficiently identifying . . .
 - Originating carrier
 - Jurisdiction
 - Transport / routing
 - Labeling is not, or cannot be, read properly
 - Generally passed through an intermediate carrier
 - 20% of traffic may be affected
- Fundamentally about “truth in labeling”
- Consumer interest/public safety concerns
- Solutions must produce accurate billing records, enhanced signaling, and proper routing

Understanding the Differences

<i>Issue</i>	<i>Mid-Size Proposal</i>	<i>Other Views</i>	<i>Rural Rationale</i>
Scope	Applies to all telecom traffic identified in §§ 51.701(b)(1) and (2), all access and traffic based on telephone NANPA numbers assigned to customers	Other proposals do not define "carriers" as broadly, but Verizon requires that originating carrier include CPN on calls from info service providers	Carriers seek payment for use of their network and want to gain efficient access to billing info
Labeling by originating carriers	Duty of originating carrier to transmit jurisdiction info (JIP) and either or both of CPN or CN, or if unable, to transmit automatic number identification (ANI)	Some carriers want to add "where technically feasible," eliminate CPN from certain calls, and want to eliminate JIP	Should seek FCC waiver rather than automatic tech-feasibility exception; CPN and CN should be sent if they differ; defining jurisdiction remains issue
Intermediate carriers	FCC should require <i>intermediate</i> carriers to forward all call origination info received in signaling without modification	Others propose "where technically feasible," the intermediate carrier shall transmit unaltered CPN and CN, if any	No broad exception for technical infeasibility; could accept exception related to call forwarding (required altering of CN or CPN)
Routing obligations	FCC should require carriers to route according to LERG to comply with jurisdictional parameters unless alternate agreements exist	Verizon suggests clarifying obligation of N-1 carrier to query the LNP database	Need to fully resolve the routing problems and querying the database is not enough
Enforcement	Specific complaint procedures are defined in proposal	No comparable provisions	Problems appear to be growing

Few Substantive Differences

- Provision of JIP – wireless concerns . . .
 - How will JIP be used?
 - JIP is a data point in proper billing; not solely determinative if wireless carrier routes elsewhere to a wireline switch
 - Problem where wireline switch is not same jurisdiction as cell site
 - Will additional investment be required?
 - No—capability already exists for wireless carriers w/ SS7
 - Is the requirement onerous?
 - Many wireless carriers already provide the JIP parameter
 - Simply a matter of turning on the signaling capability
- “Technical Feasibility” exemptions
 - Risks in providing an automatic exemption
 - Exemption should be granted only upon an affirmative showing

- Extensive discussions with other industry participants
 - Attempt to further clarify insights/differences
 - Negotiate and develop consensus where possible
 - Sharpen data about rationale for specific differences
 - Widespread support among mid-size/small carriers
- Ongoing discussions with FCC
 - To clarify data and problems
 - Fundamental elements of solutions
 - Bright-line choices for FCC

Call to Action

- Phantom traffic will continue to increase absent specific rules to resolve the problem
- The FCC has the proper jurisdiction and legal authority to enact rules to resolve phantom traffic now
- The Commission should move quickly to enact clear and enforceable labeling and routing rules
- Greater accountability for use of the network is needed in order to protect consumers and ensure network viability longer term